



Modern Slavery Act 2018 Statement for 2020

Who We Are

Jacobs Douwe Egberts AU PTY LTD (JDE AU) is a subsidiary of our Dutch based parent Company Jacob Douwe Egberts B.V. (JDE). As a global coffee and tea business, JDE brands and products are available in more than 100 countries worldwide. JDE AU operates both a Retail and Food Service business with iconic brands including Moccona, L'OR, Harris, Pickwick and Piazza Doro.

As part of our compliance with the Modern Slavery Act 2018 (Cth), we are proud to publish this, our first, Modern Slavery Statement. This statement sets out the steps that we have taken to identify and mitigate the risk of slavery occurring within any part of our business or our supply chain up to and including the financial year ending 31 December 2020.

Introduction

At JDE, we are driven by our passion for coffee and tea, respect for the environment, and care for people. Our Corporate Responsibility strategy was developed with this clear vision in mind.

Modern Slavery is an abuse of a person's freedoms and rights. We are totally opposed to such abuses in our direct operations, our indirect operations and our supply chain as a whole.

We are keenly aware that Modern Slavery is a growing and systemic issue, affecting many millions of people globally and are not complacent as to the risk. We are committed to the continual improvement of our policies, practices and programmes with respect to effectively combatting it.

At JDE we believe that Modern Slavery can only be ended by working collaboratively with others and are committed to working with governments, non-government organisations, suppliers, farmer associations and farmer groups and the entire coffee and tea supply chains to improve the working conditions for coffee and tea farmers throughout the world.

Our Operations and Supply Chains

JDE operations are predominantly factories, sales and support offices. We employ over 16,000 associates in more than 44 countries globally and operate 42 manufacturing sites.

The Australian business is headquartered in Sydney, operates one manufacturing site and employs some 156 associates locally.

Coffee and tea are not commodities grown in any significant commercial quantities in Australia. Furthermore, as part of largest pure play coffee and tea company, we have supply chains that stretch the globe, with movement of coffee and tea from growing origins to processing facilities and finished products from manufacturing locations to markets.

The roast and ground coffee we supply to the Australian market is made at our Sydney roastery, while our other finished goods are manufactured within the global JDE factory network or at approved and audited external manufacturers.



For our coffee and tea raw materials JDE operates a central sourcing model, purchasing coffee and tea from many different suppliers including international coffee traders, local exporters, farmer associations and farmer groups.

Both coffee and tea are grown in countries that face significant socio-economic and environmental challenges. Poverty among smallholder farmers is still widespread. Fluctuating coffee prices on the global market can result in producers struggling to cover their full cost of production. Extreme weather, such as more frequent droughts and heavy rains, is posing further challenges for the communities where our key ingredients are grown.

Many smallholder farmers aren't part of formal cooperatives and out of reach of sustainability certification and many sustainability challenges are complex and go beyond what an individual producer or cooperative can address.

Our Responsible Sourcing Program includes three core areas which underline our commitment to improve coffee and tea sustainability:

- We support global partnerships and origin programs to address the most challenging coffee and tea sustainability issues.
- We purchase certified and verified coffee and tea with internationally recognised standards such as UTZ, Rainforest Alliance and Fairtrade, with our aim of 100% responsibly sourced coffee and tea by 2025
- Through our Common Grounds programme we partner directly with our suppliers to recognise issues where they may exist and are committed to then address them, including working conditions and protection of natural resources.

Developed with the Rainforest Alliance in 2018, JDE's Common Grounds is our coffee supplier engagement programme which is designed to continuously improve the social, economic and environmental conditions in origins where coffee and tea are grown.

Risk Assessment

We assess Modern Slavery risks based on a number of factors including geographical risk indices pertaining to human rights, the level of supply chain control, external governance factors and levels of political stability.

We consider the risk of Modern Slavery within our own organisation as low. Risk is mitigated due to strict policies and procedures as well as the oversight built into our business operations and the knowledge and skills of our associates. This includes processes to ensure that associates are of legal working age and entitlement. Local associates are all paid in accordance with the relevant award, agreement, market conditions and applicable legislation.

We consider that the greatest risk of modern slavery is in our coffee and tea supply chain due to some of the origin locations, conditions under which these commodities have historically been grown and due to the complexity of the supply chain.

Through the JDE Common Grounds programme, we receive and compare supplier risk assessments with Rainforest Alliance and third-party targeted assessments to identify risks, determine priority issues and focus areas. We also learn from our stakeholders and suppliers through open, direct communication, identifying risks and measuring the results and impact of actions implemented, incorporating learnings for future programs.



We believe that the best way to improve coffee and tea sustainability is to drive continuous improvement through partnerships between farmers, cooperatives, exporters, traders, roasters, civil society, and governments. Common Grounds works with stakeholders to identify the most important social and environmental issues in our supply chain's countries of origin and to address them through collaborative action.

Due Diligence and Addressing Risks

In keeping with our commitment to act with integrity in all our business dealings many of our existing policies address risks of slavery in any part of our business or our supply chains.

Our relevant policies include:

- Associate Code of Conduct
- Supplier Code of Conduct
- Speak Up Policy

Our Codes of Conduct set out the behaviours we expect from our associates and suppliers in their dealings with employees, colleagues, customers, consumers, suppliers, agents, intermediaries, advisers, governments and competitors. All associates and suppliers are expected to act with integrity in accordance with the standards of behaviour set out in the Codes of Conduct.

Our Supplier Code of Conduct is currently undergoing a review and enhancement, and it will contain significant enhancement and emphasis on addressing human rights and labour risks in the supply chain. It is expected to be ready in Q2 2021 and will significantly enhance our ability to identify and address risks associated with Modern Slavery.

JDE believes in doing business with those business partners including suppliers, manufacturers, contractors, joint venture partners, agents, distributors, and consultants who embrace and demonstrate high standards of ethical business behaviour.

JDE has a strong commitment to treating its employees fairly, and with dignity and respect and require Business partners to share this commitment and to comply with all applicable employment laws and to support fundamental human rights for all people.

Our Supplier Code of Conduct requires the following of Business partners:

- Will not employ individuals in violation of the local mandatory school age, or under the legal employment age in each country where they operate.
- Will, at a minimum, comply with applicable wage and hour laws and regulations, including those relating to minimum wages.
- Will not discriminate based on personal characteristics or beliefs.
- Will not use forced or involuntary labour whether bonded, prison or indentured, including debt servitude.
- Will respect the right of employees to exercise their lawful right of free association. Similarly, Business partners will recognize the lawful rights of their employees to choose or not choose collective bargaining representation.
- Will operate a safe and healthy work environment for their employees. Where applicable, this also applies to housing and eating facilities.
- Will not subject employees to physical, verbal, sexual, or psychological harassment, nor use corporal or physical punishment to discipline employees.
- Will comply with all applicable laws and regulations regarding working hours.



The Supplier Code of Conduct is available in 17 different languages with sections covering 'Health, Safety and Respect', 'Fair, Ethical Relationships with Others', 'Conflict of Interest Avoidance', 'No Corrupt Practices', and 'Good Corporate Citizenship'.

We expect that all suppliers from whom we purchase goods or services will ensure their business practices and policies are in line with our Code and we require their acknowledgement and acceptance of its terms upon doing business with JDE.

Freedom of association and the right to collective bargaining is a core labour standard that we respect as guided by the International Labour Organisation (ILO). We apply our employment practices in line with, and in certain aspects exceeding the requirements, of local legislation.

Through the Common Grounds programme we assess and prioritise issues and establish programmes to continuously improve. Through recent expansion, the program has been active in 15 key origins, representing 98% of JDE green coffee volumes. Independent third-party field assessments are conducted in key coffee sourcing origins, and we have worked with the Rainforest Alliance to carry out independent Origin Issue Assessments in 9 priority countries.

Common Grounds has reached over 300,000 smallholder farmers since 2015 and JDE is well on track to reach our goal of 500,000 smallholder farmers by 2025.

Monitor, Maintain and Measure

In addition to the overall global business strategy for long-term value creation, the JDE Board oversees JDE's corporate responsibility programme, receiving updates and reviewing progress at least two times per year. Our Corporate and Government Affairs team develops our corporate responsibility strategy for approval by the Board. It works with a cross functional leadership group composed of subject-matter experts from across the company to drive execution and measurement of the strategy.

The Corporate Responsibility Governance Committee, which was set up in early 2020, is comprised of key functional members of our Executive Committee and chaired by our Global Corporate Affairs and Sustainability Officer. The Executive Committee is further assisted by the Global Compliance Council (GCC), chaired by our Global Compliance Officer (GCO). The GCC sets the compliance strategy and framework, key policies, controls and requirements for global e-learning courses. In this function, the GCC reports quarterly to the Audit Committee of the Board on key initiatives and issues and priorities for the following quarter.

The local JDE AU business is responsible for deploying globally defined policies and controls and has established its own Compliance Council, chaired by the Compliance Officer.

We also monitor and review:

- Number of associates who have completed compliance training
- Associate engagement scores; and
- Issues raised through the Speak Up policy.

Our Supplier Code of Conduct allows us to monitor the social, environmental and economic standards in our coffee bean and tea leaf supply, from farms through to the bean and leaf processing facilities that produce the finished products ready for shipping.

Business partners are required to notify JDE immediately if they become aware of any non-compliance practices by themselves, their employees and their business partners. Business partners are further expected to promptly develop and implement plans of programs to correct any such practices.



We expect all business partners to live up to these Standards and do the right thing. JDE employees around the world use the following "Mirror Test" as their guide. We encourage business partners to use our "Mirror Test" as well.

Modern Slavery risks are captured within our global approach to Corporate Responsibility, which is aligned and contributes to the Sustainable Development Goals (SDGs) which the United Nations (UN) General Assembly set in 2015. Of particular relevance are:

SDG 1 – No poverty

Addressing poverty is at the centre of our responsible sourcing efforts. The majority of smallholder farmers earn low incomes, driven by a combination of low farm productivity and small farm size. Through third-party certification/verification and our Common Grounds projects, we aim to increase the productivity, profitability, and sustainability of the smallholders we work with.

SDG 5 – Gender equality

Women and youth are heavily engaged in coffee and tea farming activities. Yet, they tend to have limited access to extension services and training. Our Common Grounds projects integrate locally relevant and culturally appropriate strategies to increase both the opportunities for, and abilities of, women and youth to benefit equally. In our own operations, our goal is to achieve gender balance across JDE's management positions by 2025.

SDG 8 – Decent jobs and economic growth

We are guided by and uphold the conventions set by the International Labour Organization (ILO). Through Common Grounds, we remain committed to playing an active role in addressing issues in our supply chain in order to protect labour rights and promote safe and secure working environments. JDE also is a founding member of the IDH Farmfit Fund which aims to increase the incomes of 3-5 million farmers through input loans, working capital and renovation and rehabilitation.

SDG 17 – Partnerships for the goals

We believe that the best way to improve coffee and tea sustainability is to create partnerships between motivated farmers, cooperatives, exporters, traders, coffee roasters, civil society, and governments. Partnerships allow us to bring together different strengths and capabilities in order to effectively address sustainability challenges. At origin, partnerships help to empower smallholder farmers to make informed long-term choices: Choices that are good for them, good for the people who work with them to produce and harvest their products, good for the environment, and good for the long-term sustainability of coffee and tea.

Training, Awareness and Collaboration

We provide training and guidance to support Associate understanding of expected behaviour, particularly in respect of their business decisions and the Code of Conduct. We encourage third parties to report anonymously, or to seek advice or information on any actual or perceived illegal or non-complaint acts.



Our compliance training approach for our associates comprises three elements:

- All new associates are enrolled in a Code of Conduct e-learning course. It lays out the importance of a values-based culture and points towards further resources on the topics covered. A closing questionnaire verifies associates' completion and understanding of the course. The e-learning course is made available in multiple languages.
- We regularly conduct compliance e-learning courses for associates on key topics. Since the beginning of 2018, we have launched e-learning courses on competition law, anti-bribery and corruption, and data protection.
- We also regularly conduct face-to-face courses for target groups.

In 2020, JDE started to expand on the courses available to our associates on compliance topics. A revised Code of Conduct e-learning now covers additional areas, including Modern Slavery.

We also partner directly with our suppliers and leading non-governmental organisations to improve working conditions and protect natural resources where coffee and tea are grown. At a global level, JDE membership in the Global Coffee Platform, the Sustainable Coffee Challenge, the European Coffee Federation, World Coffee Research, the Ethical Tea Partnership, CEFLEX, RECOUP and the One Planet Business for Biodiversity (OP2B) coalition form a central pillar of our corporate responsibility programme in order to effectively address the sustainability challenges which go beyond our immediate supply chain and require broader change.

To respond to low coffee prices and address farmer incomes, we are also a signatory to the London Declaration issued by the International Coffee Organization in September 2019 on price levels, price volatility and the long-term sustainability of the coffee sector. We also actively participated in and contributed to the Taskforce for Coffee Living Income which was convened by The Sustainable Trade Initiative (IDH).

To further influence throughout the wider supply chain, we encourage our suppliers to evaluate their suppliers and sub-contractors against our requirements. JDE Business Partner who feels pressured by a JDE employee or another Business Partner to violate the JDE Code of Conduct are encouraged to contact JDE's Business Practices Office immediately.

In Summary, we expect all Business partners to:

1. Comply with the law.
2. Do the right thing.
3. Communicate concerns about inappropriate business practices promptly to us.

We are continually looking at ways in which we may drive supplier standards and will always act in the best interests of affected parties if potential situations of modern slavery are identified.



Covid-19

The Covid-19 pandemic has had an unprecedented impact on global businesses, and we understand that the pandemic has increased the risk of Modern Slavery within vulnerable sections of operations and supply chains across the globe.

Panic buying of consumables within the retail environment saw unparalleled stress placed on some of our supply chains, while other areas of the business supplying out of home customers saw demand plummet.


In response to the pandemic we focussed efforts on protecting our associates and minimising the impact on our customers and consumers, with significant resources and investment in implementing safe work practices including separate and segregated operations teams. Covid-19 also hampered our ability to conduct face-to-face meetings and audits of our suppliers due to the travel restrictions and lockdowns.


While alternate ways of working were implemented, including virtual audits, we recognise that these changes did limit our contact and level of visibility and transparency with some business partners. In 2021 we will review the full impact of, and our response to, the pandemic, including the potential increased Modern Slavery risks to ensure that this is fully understood and incorporated into our training and action plans.

Conclusion

We remain totally opposed to Modern Slavery practices in our direct operations, our indirect operations and our supply chain as a whole and remain committed to continuously improve our policies, practices and programmes with respect to effectively combatting it. The ongoing steps we are taking to identify and address the risks of Modern Slavery will be reported on as part of our annual Modern Slavery Statement.

This statement is made pursuant to the Modern Slavery Act 2018 and constitutes our Group's Modern Slavery Statement for the financial year ending 2020.


Finance Director
24/3/21


MANAGING DIRECTOR
24/3/21

